



January 29, 2019

Michael Gormas  
United States Department of Transportation  
Office of Aviation Analysis  
1200 New Jersey Ave SE  
Washington, DC 20590

SkyWest Airlines' Essential Air Service Proposal for Pierre, SD and Watertown, SD

Dear Mr. Gormas:

Attached is SkyWest Airlines' proposal to provide direct air service from Pierre, SD and Watertown, SD to Denver, CO (DEN).

SkyWest's combination of safe and reliable aircraft, well-timed schedules, and access to one of the world's largest airline networks provides passengers with quality air service and will help drive economic growth in the region. In addition SkyWest has a long history and strong reputation in many EAS communities in the United States.

### **Frequency and Term**

As directed by the RFP, we will offer 12 round-trip flights per week for a two year term for each community as follows:

PIR-DEN: 12 nonstop flights per week  
ATY-DEN: 6 nonstop / 6 direct flights per week

Flights will depart and arrive to facilitate seamless connections to United's flight schedule in Denver, which will make the service convenient for both business and leisure travelers. United and United Express offer more than 450 departures per day from Denver, CO (DEN). Because of these connectivity attributes, as well as the local demand to visit Denver, we expect to see strong passenger traffic at both communities. All flight times are subject to gate availability and don't have up line scheduling restrictions.

SkyWest understands the current environment regarding lack of air service in Pierre and Watertown. In the event that SkyWest is selected to provide air service, we are committed to prioritizing resources in order to restore reliable service as expeditiously as possible.

## **Critical Attributes of SkyWest's' Proposal**

- 1) 50 seat twinjet service- The CRJ-200 is a quiet and modern twinjet. This means it is both safe and fast. This aircraft cruises at over 500mph. All SkyWest CRJ200 aircraft are serviced by a highly-trained flight attendant and each plane features a restroom, further adding to the comfort and convenience of each passenger's flying experience. SkyWest operates 200 CRJ200 aircraft and plans to keep this modern, quiet jet aircraft in our fleet for many years to come.
- 2) Superior Network and Connectivity- This service will be marketed as United Express and will feature seamless bookings, connections, and baggage transfers that will access United Airlines' vast global network. This includes over 5,400 daily flights to more than 370 airports. United is also the largest member of the Star Alliance network, which allows travelers to connect to more than 22,000 daily flights to nearly all parts of the globe. This connectivity makes it simple for passengers to plan their travel and to effortlessly fly to their destination.
- 3) Superior Airports and Terminals- Denver is one of the largest hubs for United Airlines. Our flights will arrive and depart from United's main terminal. Passengers and their bags will experience streamlined connections to their final destinations.
- 4) Superior Reliability- SkyWest has been named the most reliable CRJ200 operator in North America five times since 2007. We have also been named the #1 On Time carrier for the contiguous 48 states several times. We continue to routinely rank among the top regional carriers for on time performance and fewest flight cancellations.
- 5) Marketing Plan- SkyWest will actively market the service with a variety of promotions. We will dedicate \$20,000 per year to each community for marketing support. We advertise in print, digital, radio, online, and in other forms as necessary. This effort will assist in generating awareness of the flight options we will offer.
- 6) Inseparability- SkyWest's bid for both Pierre, SD and Watertown, SD are inseparably connected. SkyWest's bid is contingent on being selected for both markets.

## Summary

SkyWest believes this proposal provides the best overall option for air service with excellent connectivity. SkyWest is excited about the opportunity to provide jet service in both Pierre, SD and Watertown, SD.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Atkin". The signature is fluid and cursive, with the first name "Greg" and last name "Atkin" clearly distinguishable.

Greg Atkin  
Managing Director – Market Development  
SkyWest Airlines

**SkyWest Airlines**  
**Essential Air Service Bid**  
**1/29/2019**

	PIR DEN	ATY DEN
Number of round trips per week	12	12
Aircraft type	CRJ	CRJ
<b>Passenger Revenue</b>		
Passengers	25,000	25,000
Average fare	\$ 90.00	\$ 95.00
Revenue	\$ 2,250,000	\$ 2,375,000
<b>Block Time</b>		
Trip block time (minutes)	90	88
Total scheduled block time	1,872	1,820
Total completed block time	98% 1,835	1,784
<b>RPMS</b>		
Passengers	25,000	25,000
Stage length	385	339
Total RPMs	9,625,000	11,175,000
<b>ASMs</b>		
Scheduled departures	1,248	1,248
Completed departures	98% 1,223	1,223
Stage length	385	339
Available Seats	50	50
Total ASMs	24,024,000	21,153,600
Marketing Costs	\$ 20,000	\$ 20,000
Direct operating expenses	\$ 4,399,896	\$ 4,168,549
RPM related	\$ 102,482	\$ 102,482
Departure related	\$ 896,806	\$ 896,806
ASM related	\$ 223,904	\$ 197,152
Total expenses	\$ 5,643,088	\$ 5,384,989
Operating income (loss)	\$ (3,393,088)	\$ (3,009,989)
5% profit margin	\$ 245,352	\$ 234,130
<b>Annual subsidy requirement</b>	<b>\$ 3,638,439</b>	<b>\$ 3,244,118</b>
<b>SkyWest effective rates per unit</b>		
Cost per trip	\$ 4,614	\$ 4,403
Cost per passenger	\$ 196	\$ 187
SkyWest cost per block hour	\$ 3,076	\$ 3,019
<b>Effective Subsidy rate per unit</b>		
Subsidy per trip	\$ 2,975	\$ 2,653
Subsidy per passenger	\$ 146	\$ 130
<b>Load factor</b>	<b>40%</b>	<b>53%</b>